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SOURCE Pravda

"PRAVDA" DISCUSSES STRENGTHENING  
 OF CHINESE-SOVIET ECONOMIC RELATIONS

Summary: This report presents a summary of a Pravda article,  
 written by V. Ivanov and P. Mikheyev, discussing the recent Chinese-  
 Soviet Agreement and the aid to be given China in fulfilling its  
 First Five-Year Plan.

The article mentions metallurgical combines in Ta-yeh and Pao-  
 t'ou, and aluminum production in Fu-shun. Electric power plants are  
 being built in T'ai-yuan, Hsi-an, Lan-chou, Ta-yeh, and Pao-t'ou.  
 Production of turbines with electric generators up to 12,000 kilo-  
 watts is also part of the general plan. The Five-Year Plan includes  
 work on metallurgy, chemicals, machine building, coal mining, hydro-  
 electric power stations, railway lines, and steel plants. Soviet  
 engineers, oil experts, and technicians in other fields are expected  
 to take part in work on metallurgy, coal, chemicals, and automobiles,  
 as well as the hydroelectric power stations planned along the Yellow  
 River.

As a result of negotiations held in Moscow, a Chinese-Soviet Agreement for  
 aiding China to develop the national economy was signed this summer. This agree-  
 ment is another step in the establishment of friendly relations between the So-  
 viet Union and the People's Republic of China. It expresses the unbending will  
 of both governments to strengthen the brotherly friendship of the USSR and China  
 and to increase their efforts in the struggle for world peace.

A sound foundation for expanding friendly relations between the Soviet and  
 Chinese people was established on 14 February 1950, when as a result of negotia-  
 tions held in Moscow between the two governments the following agreements were  
 signed: a pact of friendship, alliance, and mutual assistance between the USSR  
 and the People's Republic of China; an agreement between the USSR and the People's  
 Republic of China on the Chinese Ch'ang-ch'un Railway, Port Arthur, and Dairen;  
 and an Agreement between the USSR Government and the Central People's Government  
 of China on extending credits to the People's Republic of China.

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The Chinese people are celebrating the Fourth anniversary of the founding of the People's Republic of China. In building a new life, the Chinese people through their unselfish labor have made great progress in restoring and developing the country's economy, in strengthening its independence, and in unifying all the nationalities living in China.

The agricultural reform conducted under the direction of the People's Republic of China is one of the greatest social-economic reforms. Its realization meant the liquidation, as a class, of the landlords -- the most reactionary power in China -- and the freeing of millions of Chinese peasants from severe feudal exploitation, poverty, and lawlessness. In the vast territory with an agricultural population of about 450 million people the land has been turned over to those who work it.

During the 4 years of Communist rule, agricultural production not only has been restored but has surpassed the highest level ever attained in the past. The production of such an important industrial crop as cotton has been more than tripled.

The Chinese people have made great progress in industry. The level of industrial production has already significantly surpassed the prewar output. The production of such important products as rails, mining equipment, universal milling machines, lathes, and transformers, which were formerly imported, has been mastered. The first Chinese-built tractors, trucks, electrogenerators, and other equipment have been turned out.

The state sector, which is the economic base of the people's democratic system, has grown. In 1952, the output of state industrial enterprises constituted more than 60 percent of the country's total industrial output.

The extensive system of Chinese-Soviet economic and cultural ties plays a significant part in the achievements of the Chinese people. Reciprocal trade, scientific and technical help, cooperation in developing the national economy and in training cadres, and the exchange of industrial experience are the principal lines for the growing brotherly ties of people in the USSR and China.

In 1950, the Soviet Union extended the People's Republic of China term credit on favorable conditions for obtaining from the USSR equipment for restored and newly built industrial enterprises. In 1952, it transferred, free of charge, the Chinese Ch'ang-ch'un Railway, which the Chinese press reports is now the best railway in the country.

The Soviet Union is giving China technical help in restoring industry by furnishing plans and supplying equipment for enterprises of the metallurgical, power, coal, chemical, automotive, and other branches of industry.

Soviet engineers are acquainting Chinese specialists with the latest methods of labor and production management. They are helping to put into operation hidden reserves of many enterprises, thereby making it possible to increase their productivity within a short period of time. For example, as a result of employing new coal mining methods, suggested by Soviet specialists, and equipping mines with first-class equipment, obtained from the USSR, the output of Chinese mines was increased by  $2\frac{1}{2}$  times.

Soviet specialists helped discover new petroleum deposits, refuting the false notion that China is poor in petroleum resources.

Achievements in industry and agriculture placed China in a favorable position to enter the new phase of economic development, that is, broad economic construction on the basis of the First Five-Year Plan.

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The basic goal of the First Five-Year Plan is the establishment of heavy industry in China and assuring the continued growth of the socialist sector in the national economy.

The scope of the tasks for the First Five-Year Plan may be described by mentioning that in 1953 alone it is planned to reconstruct or build 21 metallurgical and chemical plants, 24 large machine building plants, 24 thermal and hydroelectric stations, and more than 600 kilometers of railway lines.

The objective of the recently signed Chinese-Soviet Agreement is to give China economic and technical assistance in fulfilling the First Five-Year Plan. The agreement anticipates the fulfillment by the Soviet Union of established plans and the supplying of equipment for the building and reconstruction of 91 new enterprises, and of equipment for 50 enterprises now in existence, as well as other types of technical aid.

A telegram from Chairman Mao Tse-tung to Chairman Malenkov states that thanks to the new agreement "the Chinese people, by energetically adapting themselves to the advanced experience and new technical attainments of the Soviet Union, will be able gradually to build up their own heavy industry. This will be of utmost importance in the industrialization of China, the gradual transition of China to socialism, and also in the strengthening of socialism and democracy in the Soviet Union."

The broadening of the metallurgical basis will make it possible for the people of China to develop machine construction and railway transportation on a large scale. Particular mention may be made of the building of large-scale metallurgical combines in the cities of Ta-yeh and Pao-t'ou. With the creation of these combines the founding of steel in China will increase 4 to 4.5 times, and the production of rolled iron will increase more than 2.5 times, as compared with 1952. For the first time, high-grade steel will be produced in China.

In the field of nonferrous metallurgy, it is expected that an increase in aluminum output will be attained in the city of Fu-shun. After reconstruction of the tin combine in Ko-chiu, it is expected that the output will be more than doubled. In place of the present manual methods of extracting nonferrous and rare metals, future work will be mechanized.

The far-sighted creation of new coal mines and screening plants will make it possible to increase coal production by 60 percent with simultaneous improvement of quality.

The arrival of new equipment from the Soviet Union, as well as the application of the rich experience of Soviet petroleum specialists, will make it possible for China to increase the production and refining of oil. Construction of a large-scale oil-refinery planned in Kansu Province will greatly increase the capacity of the oil-processing industry.

For the industries under construction which will use electric power, it is expected that there will be important developments resulting from existing hydroelectric power stations and the plans to build new ones. Among the large plants are the Fen-man hydroelectric power station on the Sungari River, and the electric power plants in the cities of Fu-shun, Harbin, Dairen, and others. Among those now being built, it is sufficient to mention the electric power plants in T'ai-yuan, Hsi-an, Lan-chou, Ta-yeh, and Pao-t'ou.

With the introduction of these hydroelectric power stations, China's production of electric power will be nearly doubled as compared with 1952.

The plan for the extension of electricity throughout China is now being carried out. In connection with this, special attention is being paid to the complex development of water power resources, in which China is so rich, and particularly the resources of the Yellow River and the upper Han River. Soviet specialists are to take part in the accomplishment of these plans.

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Since 1949, the government of the People's Republic of China has been carrying out huge works on the Yellow River in the building of dams and other hydraulic constructions to protect fields and towns from floods. However, the problem of controlling the river and utilizing its energy has not yet been fully solved. Soviet specialists, with the knowledge acquired by investigation of materials collected over a long period of time, will be able to present to Chinese specialists a plan for the development of the river and will be able to determine the order of construction of hydroelectric power stations on it.

An important link in the industrialization of China will be the creation of a machine building industry, which will provide all phases of the people's economy with the tools of production. The agreement anticipates the extension and reconstruction of machine-building factories, and the building of a considerable number of new ones.

As a result, China will have many branches of machine-building factories for automobiles, tractors, ball bearings, production from blast-furnace plants, rolling mills, electrical machinery plants, and others. After two new factories now being built are put in operation, the production of metal-cutting machines will be increased 3.5 times. The production of mining equipment after the completion of the new factory will be nearly twice the 1952 amount. In the new machine-building plants, steam-driven turbines with electric generators up to 12,000 kilowatts of Soviet design will be put out. The production of powerful turbine units from 25 to 50 kilowatts will be accomplished. The electro-technical factories of China will begin the production of electric power switches and of electrical equipment for automatic telephone exchanges.

The present widespread demand in agriculture for fertilizer will be satisfied in large measure by means of new chemical plants.

For the first time in history, China is organizing the production of synthetic rubber, which is indispensable for the needs of China's industrial activity in technical rubber products. The People's Republic of China includes in the general plans the construction of factories for the production of medicines.

Aside from the fulfillment of projected work and the supply of machinery, with Soviet organization, China will be given technical aid in construction, assembly of equipment, and expansion of operations.

In the process of setting up national cadres for the building and operation of new enterprises, by request of the two governments, a considerable number of Soviet specialists will be dispatched to China. Many Chinese workers and technical engineers will study production practices in Soviet enterprises.

The new agreement offers overwhelming advantages to both the Chinese and the Soviet people. The Soviet Union will receive from China important raw materials and supplies. In particular, the new agreement provides for supplies of nonferrous metals, wools, jute fiber, rice, pork, and tobacco to be sent to the Soviet Union.

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